GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTR
LOK SABHA

STARRED QUESTION NO:635
ANSWERED ON:10.05.2000
EFFECT OF GLOBALISATION AND LIBERALISATION ON SSI
ANNA SAHEB M.K. PATIL

Will the Minister of SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTR be pleased to state:

(a) whether the globalisation and liberalisation policies have adversely affected the growth of small-scale industry sector during recent years in as much as nearly 2 lakh units have been closed down and a large number are on the verge of closure;

(b) if so, the facts of the matter and present status of small scale sector as on March 31, 2000, State-wise, sector-wise;

(c) whether the proposal for dereservation of items of small-scale sector is likely to affect the small scale-sector adversely; and

(d) if so, fresh policy initiatives taken to promote and develop small-scale industry sector to play its important role in Indian economy?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGF RURAL INDUSTRIES (SMT. VASUNDHARA RAJE)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT ATTACHED TO REPLY TO STARRED QUESTION NO. 635 FOR REPLY ON 10.05.2000 IN THE LOK SABHA

(a) & (b): Small Scale Industries in India have shown enough resilience in withstanding the impact of liberalisation and of phasing out of the Quantitative Restrictions on imports as is evident from their recent track record given below:-

	1990-91	1998-99 (Provisional)
No. of units	19.48 lakh	31.21 lakh
Production at current prices	Rs. 1,55,340.00 Crores	Rs. 5,27,515.00 crores
Exports at current Prices	Rs. 9,664.00 crores	Rs. 48,979.00 crores

Information on the number of closed small scale units is not maintained as it is not compulsory for small scale units to register themselves with the State Governments. The Reserve Bank of India (RBI) maintains data on sick SSI units financed by banks and not for closed units. As per the Reserve Bank of India, the sickness in small scale industries for the last five years is as follows:-

At the end of	Total number of sick SSI units
March, 1995	2,68,815
March, 1996	2,62,376
March, 1997	2,35,032
March, 1998	2,21,536
March, 1999	3,06,221

The latest state-wise data compiled by RBI is upto March, 1999 and is annexed. Sector-wise data on SSI are not maintained centrally.

(c): The issue of reservation of items for exclusive manufacture in the Small Scale Sector is examined on a continual basis by the Advisory Committee on Reservation, which has been specifically constituted for the purpose under the provisions of the Industries (Development & Regulation) Act, 1951. Addition/deletion/change in nomenclature of items in the reservation list is made from time to time based on the recommendations of the Advisory Committee and the needs of the country.

(d): The Government has put in place several measures to help the small enterprises to withstand the impact of removal of quantitative restrictions and help them to become globally competitive. These include special focus on areas such as technology upgradation, infrastructure assistance through cluster approach, timely availability of credit, adoption of modern management practices, use of electronic infrastructure and other IT applications, marketing assistance and timely information dissemination, including sensitisation of small industries to the emerging challenges of trade liberalisation.

ANNEXURE REFFERED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.635 FOR ANSWER ON 10-5-2000

STATE-WISE DATA ON SICK SMALL SCALE INDUSTRIES

State/Union Territory	At the end of March 1999
Assam	10586
Meghalaya	447
Mizoram	40
Bihar	26293
Arunachal Pradesh	116
West Bengal	146182
Nagaland	166
Manipur	5237
Orissa	10134
Sikkim	28
Tripura	6914
Andaman & Nicobar Islands	25
Uttar Pradesh	17320
Delhi	3789
Punjab	3551
Haryana	3180
Chandigarh	187
Jammu & Kashmir	630
Himachal Pradesh	1103
Rajasthan	12835
Gujarat	4170
Maharashtra	13373
Daman & Diu	13
Goa	216
Dadra & Nagar Haveli	24
Madhya Pradesh	6808
Andhra Pradesh	6260
Karnataka	4342
Lakshadweep	0
Tamil Nadu	11408
Kerala	10074
Pondicherry	770
Total	306221